

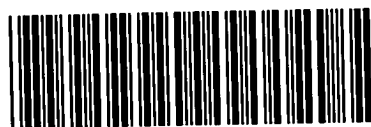
Registered number: 01803787

Acal BFi UK Limited

Annual Report and Financial Statements

Year Ending 31 March 2024

FRIDAY



AD85RR2W

A08

26/07/2024

#20

COMPANIES HOUSE

Acal BFi UK Limited

Contents

	Page(s)
Company information	1
Strategic report	2-4
Directors' report	5-6
Statement of Directors' responsibilities in respect of the financial statements	7
Independent auditors' report to the members of Acal BFi UK Limited	8-9
Income statement	11
Statement of financial position	12
Statement of changes in equity	13
Notes to the financial statements	14-34

Acal BFi UK Limited

Company information

Directors

D Gray
P Webster
S Catley
V Synnott

Registered office

3 The Business Centre
Molly Millars Lane
Wokingham
Berkshire
England
RG41 2EY

Bankers

HSBC Bank UK plc
FGI Worldwide LLC

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 Forbury Place
23 Forbury Road
Reading
RG1 3JH

Registered number

01803787

Country of incorporation

United Kingdom

Acal BFi UK Limited

Strategic report

The directors present their Strategic report for Acal BFi UK Limited ('the Company') for the year ended 31 March 2024.

Principal activities and review of the business

The Company is a subsidiary of Acal BFi Group Limited. The Company is a specialist supplier of electronic, electrical and electromechanical products.

The Company's key financial and other performance indicators as used by management in reviewing the performance of the business for the year, are as follows:

	2024	2023
Revenue (£'000)	33,265	30,889
Gross margin	32.6%	31.9%
Operating profit (£'000)	1,767	2,237
Current assets as % of current liabilities	140%	128%
Net assets (£'000)	10,292	8,949
Average monthly number of employees	104	108

The Company's focus continues to be on higher margin technology segments reflected in the higher margin percentage.

Principal risks and uncertainties

Competitive pressures in the market and uncertainty in the economy produce risks for both the Company and its customers and this could lead to further price pressure and the loss of customers. The Company manages exposure to these risks by constantly reviewing cost areas and ensuring rapid responses to any changes in market and customer needs.

The Company purchases inventory from Europe, the USA and Asia and therefore has some exposure to currency risks, however this is minimised through trading and using forward contracts in those currencies through other Group companies.

Financial risk management

The financial risk management policies and procedures are centred around price risk, credit risk, liquidity risk and cash flow risk. In the view of the directors, these policies are held to minimise the Company's overall risk exposure.

Price risk

The Company protects against price risk by matching customer orders and supplier orders. Price increases are therefore able to be passed on to the customer.

Credit risk

Customer credit risk is carefully managed using an external credit checking agency, internal monitoring of financial performance, and close communication with the customer. Credit limits are checked before accepting orders and are carefully monitored and controlled in line with the credit policy.

Liquidity risk

The Company has access to short term finance through Acal BFi Group Limited resources if needed.

Strategic report (continued)

Cash flow risk

The Company carries out regular monitoring of cash against forecast and expected liquidity.

Going concern

The directors are required to prepare the financial statements on the going concern basis of accounting, unless it is inappropriate to presume that the Company will continue in business. Acal BFi Group Limited has confirmed that support will be provided to ensure that the Company can meet its liabilities as they fall due for at least 12 months from the date of approval of these accounts. Management has prepared cash flow forecasts through to September 2025 that show the Group will continue to generate positive cash flows over this period. These forecasts have been stress tested to include a severe but plausible downside scenario, even under these conditions the Group remains able to fund ongoing trading liquidity requirements from within existing cash resources for a period of at least 12 months from the date of signing the financial statements.

The Company and wider Group have adequate funding in place through a mixture of Equity investment, Mezzanine Debt financing and Asset Based Lending to meet the cashflow requirements of the business as a going concern. The Company operates as part of the Group funding arrangement, under which the Group has a centrally managed Asset Based Lending facility with FGI Worldwide LLC, which the Company can drawdown funding for operational working capital requirements of the business. The Company also participates within a cross entity cash 'pooling' arrangement with HSBC. The Group facilities provide adequate funding and support to the Company for its operations for at least 12 months from the date of approval of these accounts.

Section 172 of the Companies Act 2006

The Board of the Company takes seriously its duties to act in accordance with legal requirements and appropriate business and ethical standards. This includes fulfilling the duties described in Section 172 of the Companies Act 2006 (the "Act").

The information below describes how the Directors have had regard to the matters referred to in Section 172 of the Act in performing their duties and constitutes the Board's Section 172 Statement for the year ended 31 March 2024. This section is incorporated by reference into the Strategic Report.

The context in which the Company operates is relevant to how the Board meets its duties under Section 172. In particular, the Company operates within the Acal BFi group of companies (the "Group") and, as such, its processes and procedures reflect the arrangements within, and the interests of, the wider Group, in addition to those of the Company specifically. This reflects the fact that the success of the Group and the Company are aligned.

Duty to promote the success of the company

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the company.

Strategic report (continued)

Duty to promote the success of the company (continued)

In order to fulfil the above duties, the Board sets strategy and monitors performance against that strategy on an ongoing basis, both for the Company itself and also within the context of the performance of the wider Group. All decision-making is made by reference to the agreed long-term strategic aims of the Company, including in the context of the Acal BFi Group of companies as a whole. The Board does so both through receiving regular updates from others in the business as relevant, through monitoring day-to-day performance and through formal meetings and at other intervals as appropriate.

Processes are in place to ensure that the Board receives all relevant information to enable it to make well-judged decisions for the long-term success of the Company and its various stakeholders. Where information is not readily available, the Board ensures that it has the means to receive or generate such information wherever relevant and necessary. This may include utilising the resources and information available to the wider Group.

The Board considers all relevant proposals (including long-term investments and operating and capital expenditure) within the context of the overall success of the Company for the benefit of its members as a whole over the long-term. Again, this takes into account the Company's and the Group's long-term strategic aims.

During the year, the Board set annual budgets as relevant and oversaw business performance against targets. All of its key decisions take performance against budget into account.

In terms of staff, the Board recognises that a motivated and skilled workforce is essential to its long-term success and the Group as a whole seeks to encourage an entrepreneurial and innovative culture, set within structures that provide fairness for all. The Company complies with all relevant labour laws.

Where the Company works with customers, suppliers and other third parties, it considers it of great importance to maintain appropriate relations at all times and conducts itself accordingly. The Board considers any charitable or other similar initiatives that may be relevant to the locations and markets within which it operates.

The Board seeks to encourage a corporate culture across the organization that promotes integrity and transparency and this is reinforced through internal audits and other mechanisms supplemented by the wider Group.

This report was approved by the board of directors and signed on its behalf by:



S Catley
Director

Date: 18/7/24

Directors' report

The directors present their Annual Report on the affairs of the Company, together with the financial statements and independent auditors' report for the year ended 31 March 2024.

Results and dividends

The profit for the financial year after taxation amounted to £1,343,000 (2023: £2,176,000). The directors do not recommend a dividend (2023: £nil).

Disclosure of items within the Strategic report

The directors have included statements relating to the principal activities of the Company, review of the business, the principal risks and uncertainties facing the Company, financial risk management and going concern in the Strategic report.

Future developments

The directors do not anticipate any change in the principal activity of the Company in the foreseeable future. Growth in the business is expected in the future.

Directors

The directors who served the Company during the year, and up to the date of signing this report, were as follows:

D Gray
P Webster
S Catley
V Synnott

Post balance sheet events

There were no matters arising, between the balance sheet date and the date on which these financial statements were approved by the Board of Directors, requiring adjustment in accordance with IAS10, Events after the reporting period.

Directors' indemnities

The Articles of the Company contain an indemnity in favour of the Directors, which is a Qualifying Third Party Indemnity within the meaning of s.234 of the Companies Act 2006. This was in force at the time of the approval of this Financial Statements.

The Company has also arranged appropriate insurance cover in respect of legal action against its Directors and officers.

Directors' report (continued)

Community & Environment

Wherever the Company operates, it forms part of its local community and, more broadly, seeks to ensure it provides a positive contribution to the environment.

The Company's corporate responsibility is to handle resources carefully and to avoid having a negative impact on the environment as much as possible coupled with a conscious approach to plan for the long term and to actively involve itself in sharing the conditions within which it operates in.

The board and senior management are aware of the need to be conscious of the effect that the Company operations and those who provide us goods and services have on the economy. Our Board seeks to minimise the impact on the environment and ensure that our physical locations are, over time, as energy efficient as possible.

Suppliers, customers and others

The directors' regards to the needs of the Company's business relationships with suppliers, customers and others and its impact on the Company's operations and principal decision making during the year has been included within the Section 172 statement in the Strategic report on page 3.

Reappointment of auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

On behalf of the Board

S Catley

S Catley

Director

Date: 18/7/24

Statement of Directors' responsibilities in respect of the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors' report to the members of Acal BFi UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Acal BFi UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 March 2024; the Income statement and the Statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate reported results. Audit procedures performed by the engagement team included:

- Making enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations;
- Testing unusual or unexpected journal entries, particularly those impacting revenue; and
- Challenging assumptions and judgements made by management in significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Katherine Stent (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
19 July 2024

Acal BFi UK Limited

Income statement

for the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Revenue	4	33,265	30,889
Cost of sales		(22,433)	(21,026)
Gross profit		10,832	9,863
Distribution costs		(4,733)	(4,894)
Administrative expenses		(4,332)	(2,732)
Operating profit	5	1,767	2,237
Finance income	8	477	628
Finance cost	9	(610)	(657)
Profit before taxation		1,634	2,208
Tax on profit	10	(291)	(32)
Profit for the financial year		1,343	2,176

The results of the current and prior year arise solely from continuing operations.

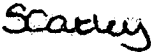
There are no items of comprehensive income other than the profit attributable to the shareholders of the Company of £1,343,000 in the year ended 31 March 2024 (2023: £2,176,000).

The notes on pages 14 to 34 form part of these financial statements.

Statement of financial position
at 31 March 2024

	Note	2024 £'000	2023 £'000
Fixed assets			
Intangible assets	11	3,261	3,261
Property, plant and equipment	12	260	347
Right-of-use assets	13	4,824	1,677
		<u>8,345</u>	<u>5,285</u>
Non-current assets			
Deferred tax assets	10	186	187
		<u>186</u>	<u>187</u>
Current assets			
Inventories	14	937	939
Debtors	15	17,122	15,709
Cash at bank and in hand		3,311	4,422
		<u>21,370</u>	<u>21,070</u>
Creditors: amounts falling due within one year	16	(15,286)	(16,504)
Net current assets		<u>6,084</u>	<u>4,566</u>
Total assets less current liabilities		<u>14,615</u>	<u>10,038</u>
Creditors: amounts falling due after more than one year	17	(4,150)	(916)
Provisions for liabilities			
Other provisions	18	(173)	(173)
Net assets		<u>10,292</u>	<u>8,949</u>
Capital and reserves			
Called up share capital	19	10,370	10,370
Share scheme reserve	20	34	34
Profit and loss account	20	(112)	(1,455)
Total Shareholders' funds		<u>10,292</u>	<u>8,949</u>

The financial statements on pages 11 to 34 were approved by the Board of Directors on 18 July 2024 and signed on its behalf by:


S Catley
Director

The notes on pages 14 to 34 form part of these financial statements.

Statement of changes in equity
for the year ended 31 March 2024

	Called-up share capital £'000	Other reserves £'000	Share scheme reserve £'000	Profit and loss account £'000	Total share- holders' funds £'000
<i>At 1 April 2022</i>	10,370	-	34	(3,631)	6,773
Profit for the year	-	-	-	2,176	2,176
Repayment of Reserves	-	-	-	-	-
<i>Total comprehensive income for the year</i>	-	-	-	2,176	2,176
<i>As at 31 March 2023</i>	10,370	-	34	(1,455)	8,949
Profit for the year	-	-	-	1,343	1,343
<i>Total comprehensive income for the year</i>	-	-	-	1,343	1,343
<i>As at 31 March 2024</i>	10,370	-	34	(112)	10,292

The notes on pages 14 to 34 form part of these financial statements.

Notes to the financial statements

for the year ended 31 March 2024

1. Statutory information

The Company is a private company limited by shares which is incorporated in England and Wales and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given in the Company information on page 1. The principal activities of the Company and the nature of its operations are set out in the Strategic report on page 2.

2. Material Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101), applicable accounting standards and the Companies Act 2006. The accounting policies have been applied consistently, other than where new policies have been adopted. The accounts were prepared on a going concern basis.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2024.

Disclosure exemptions adopted

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - (i). paragraph 79(a)(iv) of IAS 1;
 - (ii). paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
 - (iii). paragraph 118(e) of IAS 38 Intangible Assets;
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B-D, 40A-D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- The requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- The requirements of IFRS 7 Financial Instruments: Disclosures;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- The requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payments;
- The requirements of paragraph 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B(64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- The requirements of paragraph 33(c) of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations;

Notes to the financial statements (continued)

for the year ended 31 March 2024

2. Accounting policies (continued)

Disclosure exemptions adopted (continued)

- The requirements of paragraphs 130(f)(ii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;
- The requirements of paragraphs 6-33 of IFRS1 First time adoption of International Financial Standards; and
- The requirements of paragraphs 52, the second sentence of paragraph 89 of IFRS 16 Leases and the requirements of paragraph 58 of IFRS 16 Leases.

The Company's ultimate parent undertaking, Acal BFi Group Limited, includes the Company in its consolidated financial statements, and therefore where required equivalent disclosures are included in the financial statements of Acal BFi Group Limited. The consolidated financial statements of Acal BFi Group Limited are prepared in accordance with UK-adopted international accounting standards and are available to the public and may be obtained from 3 The Business Centre, Molly Millars Lane, Wokingham, Berkshire, RG41 2EY.

New standards, amendments and IFRIC interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2024 which have a material impact on the Company's financial statements.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position have been described in the Strategic report on page 1.

The directors are required to prepare the financial statements on the going concern basis of accounting, unless it is inappropriate to presume that the Company will continue in business. Acal BFi Group Limited has confirmed that support will be provided to ensure that the Company is able to meet its liabilities as they fall due for at least 12 months from the date of approval of these accounts and has provided a letter of support. Management has prepared cash flow forecasts through to September 2025 that show the Group will generate positive cash flow over this period. These forecasts have been stress tested to include a severe but plausible downside scenario, even under these conditions the Group remains able to fund ongoing trading liquidity requirements from within existing cash resources for a period of at least 12 months from the date of signing the financial statements.

The Company and wider Group have adequate funding in place through a mixture of Equity investment, Mezzanine Debt financing and Asset Based Lending to meet the cashflow requirements of the business as a going concern. The Company operates as part of the Group funding arrangement, under which the Group has a centrally managed Asset Based Lending facility with FGI Worldwide LLC, which the Company can drawdown funding for operational working capital requirements of the business. The Company also participates within a cross-entity cash 'pooling' arrangement with HSBC. The Group facilities provide adequate funding and support to the Company for 12 months from the date of approval of these accounts.

Notes to the financial statements (continued)
for the year ended 31 March 2024

2. Accounting policies (continued)

Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods, commission and other services provided to third parties, after deducting discounts, VAT and similar taxes levied overseas. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. In particular:

- a. Revenue from the sale of products is recognised upon transfer of control to the customer upon completion of specified performance obligations. This is generally when goods are dispatched to customers;
- b. Revenue from rendering of services, which primarily comprise maintenance and outsourcing contracts, is recognised over the life of the contract reflecting performance of the contractual obligations to the customer;
- c. Interest income is recognised as the interest accrues using the effective interest method;

Foreign currencies

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£) in thousands unless stated otherwise, which is also the Company's functional currency.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the Balance sheet date and the resultant gains or losses on translation are included in the Profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Defined contribution pensions

The Company makes payments to a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in independently administered funds. The amount charged to the Profit and loss account represents employer contributions payable in respect of the accounting year.

Notes to the financial statements (continued)

for the year ended 31 March 2024

2. Accounting policies (continued)

Current and deferred taxation

The taxation expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity, respectively.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the reporting date.

Deferred taxation is recognised in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets are recognised only to the extent that the directors consider that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting date.

Exceptional Items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

Goodwill

The Company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The recoverable amount has been determined based on value-in-use calculations. These calculations require the use of estimates of future cash flows and the selection of suitable discount rates. The Company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Notes to the financial statements (continued)
for the year ended 31 March 2024

2. Accounting policies (continued)

Intangible assets

Intangible assets are initially measured at cost. After recognition, under the cost model, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on the following basis:

Implementation costs of IT systems and computer software	-	33% per annum straight line
---	---	-----------------------------

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property plant and equipment.

Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment as follows:

Leasehold improvements	-	Shorter of the term of the lease and the useful life of the asset straight line
Plant, machinery and equipment	-	10% to 33.3% per annum straight line

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels at which there are largely independent cash inflows (cash-generating units). Prior impairments are reviewed for possible reversal at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and recognised in the profit or loss.

Notes to the financial statements (continued)
for the year ended 31 March 2024

2. Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is based on the cost of purchase on a first in first out basis. Cost includes, where appropriate, relevant overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

At each Balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows:

Raw materials, consumables
and goods for resale - purchase cost on a first-in, first-out basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Financial Instruments

Financial assets

The Company classifies its financial assets in the following measurement categories:

1. those to be measured at amortised cost; and
2. those to be measured subsequently at fair value through profit or loss (FVTPL).

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

At initial recognition

The Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Notes to the financial statements (continued)

for the year ended 31 March 2024

2. Accounting policies (continued)

Financial Instruments (continued)

At subsequent measurement

Financial assets mainly comprise of "trade receivables", "other current assets (excluding prepayments and VAT receivables)", and "cash and cash equivalents" in the Balance sheet. Cash and short-term deposits in the Balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

Financial assets are subsequently measured based on the classification as follows:

Amortised cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a financial asset that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

FVTPL: Derivative financial instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost are classified as FVTPL. Movement in fair values and interest income that is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Impairment of financial assets

Trade receivables are amounts due from customers for goods and services sold in the ordinary course of business. They are held with the object of collecting the contractual cashflows and are measured at amortised cost less expected credit losses. Trade receivables are assessed for impairment in accordance with IFRS9 'Financial instruments'. This requires consideration of both historical and forward-looking information when considering potential impairment of trade receivables. The Company has opted to use the simplified approach allowed under IFRS9, which requires the calculation of a lifetime expected credit loss. A provision matrix has been created to calculate an expected credit loss. This matrix is based upon historical observed default rates adjusted for forward looking information to create an adjusted default rate. This adjusted default rate is used to calculate an expected credit loss and is compared with the bad debts written off during the previous 36 months.

The following criteria are used to calculate the default rate:

Historical

- The level of sales written off during the prior 36-month period compared to the credit sales over the same 36-month period and the aging of receivables.

Forward-Looking

- Macro-economic factors such as growth rates or interest rates
- Other material factors such as customer concentration; changes in technologies

In addition provision is made where there is objective evidence that a receivable balance may be impaired. Such evidence may include a significant change in the credit risk profile of a customer, debt that has become significantly overdue or contract default.

Trade receivables are written off where there is no reasonable expectation of recovery, such as bankruptcy proceedings.

Notes to the financial statements (continued)

for the year ended 31 March 2024

2. Accounting policies (continued)

Financial Instruments (continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and the liability simultaneously.

Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, as financial liabilities measured at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities mainly comprise 'bank overdrafts' and 'trade creditors and other short-term monetary liabilities' in the Balance sheet. These are initially recognised at fair value plus any directly attributable costs in the case of bank overdrafts and subsequently measured at amortised cost using the effective interest rate method.

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity instruments.

Leases

Recognition

At inception the Company assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether it depends on a specific asset, whether the Company obtains substantially all the economic benefits from the use of that asset and whether the Company has the right to the direct use of the asset. The Company recognises a right of use (ROU) asset and a lease liability at the commencement of the lease.

Short-term and low-value assets

The Company has not made use of the exemptions for leases of low-value assets and short-term leases (leases shorter than 12 months) as such they are recognised at inception.

Notes to the financial statements (continued)

for the year ended 31 March 2024

2. Accounting policies (continued)

Leases (continued)

Non-lease components

Fees for components such as property taxes, maintenance, repairs and other services which are either variable or transfer benefits separate to the Company's right to use the asset are separated from lease components based upon their stand-alone selling price. These components are expensed in the profit and loss account as incurred.

Measurement

Lease liabilities

Lease liabilities are initially measured at the present value of future lease payments at the commencement date. Lease payments are discounted using the interest rate implicit in the lease, if this rate is readily available. If not, then the Company's incremental borrowing rate is used. The incremental borrowing rate is a combination of government bond yields, used as a proxy for a risk-free rate, calculated over various periods linked to existing lease terms. This rate is adjusted for borrowing costs and risks specific to the Company. Lease payments include the following payments due within the non-cancellable term of the lease, as well as the term of any extension options where these are considered reasonably certain to be exercised:

- Fixed payments
- Variable payments that depend on an index or rate
- The exercise price of purchase or termination options if it is considered reasonably certain these will be exercised.

Subsequent to the commencement date, the lease liability is measured at the initial value, plus an interest charge determined using the incremental borrowing rate, less lease payments made. The interest expense is recorded in finance costs in the profit and loss account. The liability is remeasured when future lease payments change, when the exercise of extension or termination options becomes reasonably certain, or when the lease is modified.

Right of use assets

The ROU asset is initially measured at cost, being the value of the lease liability plus initial direct costs and the cost of any restoration obligations, less any incentives received.

The ROU asset is subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is adjusted for any re-measurement of the lease liability. The ROU asset is subject to testing for impairment where there are any impairment indicators. ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the asset's useful life.

Capital Management

The Companies' objective when managing capital is to safeguard its ability to continue as a going concern and to maintain robust capital ratios to comply with financial covenants and supporting the growth of the business. The primary mechanism used by the Company for managing capital is through a focus on simplified working capital and growing EBIT.

Notes to the financial statements (continued)
for the year ended 31 March 2024

3. Significant accounting estimates and judgements

Estimation uncertainty

Key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The most significant areas in which assumptions are made and estimates used are in determining:

Goodwill impairment

The Company tests annually whether goodwill is impaired in accordance with its accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates of future cash flows and the selection of suitable discount rate.

Inventories

The carrying amounts of inventories are stated with due allowance for excess, obsolete or slow-moving items. Management exercises judgement in assessing net realisable value. Provisions for slow-moving and obsolete inventory are based on management's assessment of the nature and condition of the inventory, including assumptions around future demand and market conditions.

Trade Receivables

The trade receivables impairment provision requires the use of estimation techniques by management. The estimate is made based on the assessments of the credit risk profile of a customer, the ageing profile of receivables, historical experience, and expectations about future market conditions.

Leases

Extension and termination options are included in certain property and equipment leases held by the Company. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options held are exercisable only by the Company and not by the lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Notes to the financial statements (continued)
for the year ended 31 March 2024

4. Revenue

Geographical information

An analysis of revenue by geographical market is detailed below:

	2024	2023
	£'000	£'000
United Kingdom	25,312	24,145
Europe	975	1,575
Rest of World	6,978	5,169
	<u>33,265</u>	<u>30,889</u>

Segment information

An analysis of revenue by segment is detailed below:

	2024	2023
	£'000	£'000
Goods and services	33,265	30,889
	<u>33,265</u>	<u>30,889</u>

5. Operating profit

The profit for the year has been arrived at after charging:

	2024	2023
	£'000	£'000
Auditors' remuneration – audit services	47	53
Amortisation of intangible assets (see note 11)	-	-
Depreciation of owned property, plant and equipment (see note 12)	122	125
Depreciation of right-of-use assets (see note 13)	731	593
Impairment of Inventory (included in 'cost of sales')	403	74
Foreign exchange (gains)/losses	30	(168)
Staff costs (see note 7)	5,767	6,059
	<u>5,767</u>	<u>6,059</u>

The directors have agreed with the company's auditors that the auditor's liability to damages for breach of duty in relation to the audit of the company's financial statements for the year to 31 March 2024 and the financial statements of its UK subsidiaries whose statutory audits are governed by the same agreement with the auditor (the 'subsidiaries') will be limited to the greater of £1,000,000 or 3 times the auditor's fees for the statutory audits, and that, in any event, the auditor's liability for damages will be limited to that part of any loss suffered by the company and the subsidiaries as is just and equitable having regard to the extent to which the auditor, the company, the subsidiaries and any third parties are responsible for the loss in question. The shareholders of the company waived the need for approval of this liability limitation agreement, as required by the Companies Act 2006, by a resolution dated 16 January 2024.

Notes to the financial statements (continued)

for the year ended 31 March 2024

6. Directors' remuneration

	2024	2023
	£	£
Aggregate remuneration in respect of qualifying services	339,120	348,098
Aggregate contribution to defined contribution schemes	7,206	6,717
	<u>346,326</u>	<u>354,815</u>

Retirement benefits are accruing to the following number of directors under:

	2024	2023
	No.	No.
Defined contribution schemes	<u>1</u>	<u>1</u>

The aggregate remuneration for the highest paid director was £221,829 (2023: £235,492).

Pension contributions to the money purchase scheme of the highest paid director were £nil (2023: £nil).

Two directors (2023 - 2) were paid no remuneration in their capacity as directors of the Company. The directors also provide services to other Acal BFi Group Limited undertakings and received remuneration from a fellow Acal BFi Group Limited undertaking, in respect of services to the Acal BFi Group Limited. It is not possible to identify the proportion of the remuneration that relates to this Company.

7. Staff costs

	2024	2023
	£'000	£'000
Wages and salaries	4,916	5,101
Social security costs	578	666
Other pension costs	273	292
	<u>5,767</u>	<u>6,059</u>

The average monthly number of employees employed by the Company during the year (including the directors), analysed by category was as follows:

	2024	2023
	No.	No.
Sales and marketing	75	79
Distribution and Warehouse	9	9
Administration	18	18
Directors	<u>2</u>	<u>2</u>
	<u>104</u>	<u>108</u>

Notes to the financial statements (continued)
for the year ended 31 March 2024

8. Finance income

	2024 £'000	2023 £'000
Interest receivable on bank accounts	-	1
Interest receivable on intercompany loans	477	627
	<u>477</u>	<u>628</u>

9. Finance cost

	2024 £'000	2023 £'000
Interest payable on financing	560	321
Interest payable on intercompany loans	-	290
Interest payable on lease liabilities	50	35
Interest payable on tax	-	11
	<u>610</u>	<u>657</u>

10. Tax on profit

(a) Taxation on profit

The tax charge is made up as follows:

	2024 £'000	2023 £'000
Current tax:		
UK corporation tax on profit for the year	406	116
Adjustments in respect of prior periods	(116)	(26)
Total current taxation	<u>290</u>	<u>90</u>
Deferred:		
Origination and reversal of timing differences	1	(44)
Adjustments in respect of prior periods	-	(14)
Total deferred taxation	<u>1</u>	<u>(58)</u>
Taxation on profit (note 10(b))	<u>291</u>	<u>32</u>

Notes to the financial statements (continued)

for the year ended 31 March 2024

10. Tax on profit (continued)

(b) Factors affecting the current tax charge for the year

The tax assessed for the year is lower (2023: lower) than the standard rate of corporation tax in the UK of 25% (2023: 19%). The differences are explained below:

	2024 £'000	2023 £'000
Profit before taxation	1,633	2,208
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 25% (2023: 19%)	408	419
<i>Effects of:</i>		
Group Relief claimed	(7)	(317)
Permanent differences	5	
Adjustments to the current tax charge in respect of prior periods	(116)	(26)
Adjustments to the deferred tax charge in respect of prior periods	-	(44)
Total tax charge for the year (note 11(a))	290	32

(c) Deferred tax

Deferred tax assets are recognised only to the extent the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is recognised at 25% (2023: 25%). The deferred tax assets comprise the following:

	Decelerated capital allowances £'000	Other timing differences £'000	Total £'000
At 1 April 2022	119	10	129
Credit to the profit and loss account (note (10(a)))	13	45	58
At 31 March 2023	132	55	187
Credit to the profit and loss account (note (10(a)))	-	(1)	(1)
At 31 March 2024	132	54	186

Notes to the financial statements (continued)
for the year ended 31 March 2024

10. Tax on profit (continued)

(d) Factors affecting future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements

11. Intangible assets

	Computer software £'000	Goodwill £'000	Total £'000
Cost			
At 1 April 2023 and 31 March 2024	189	6,447	6,636
Amortisation and impairment			
At 1 April 2023	189	3,186	3,375
Charge for the year	-	-	-
At 31 March 2024	189	3,186	3,375
Net book value			
At 31 March 2024	-	3,261	3,261
At 31 March 2023	-	3,261	3,261

Goodwill relates to the acquisition of the trade and assets of Gothic Crellon Limited and Acal Electronic Services Limited.

On transition to FRS 101, the Company has taken advantage of the requirements of paragraphs 6-33 of IFRS 1 to retain deemed cost as the brought forward net book value from previous GAAP.

The recoverable amount of goodwill is based on value in use calculations and management's view. The key assumptions in these calculations relate to future revenue and margins. Cash flow forecasts for the 5 year period from the reporting date are based on 2024 forecast and management projections thereon. An average annual revenue growth rate of 2% (2023: 2%) has been used. Annual cash flow growth rate beyond the five-year period was assumed at 2% (2023: 2%) in line with the average long-term growth rate for the market.

The discount rate reflects the current market assessment and was estimated based on the average percentage of a weighted average cost of capital for the industry and then further adjusted to reflect the management's assessment of any risk specific to the company. The post-tax discount rate applied was 14% (2023: 13%).

Notes to the financial statements (continued)
for the year ended 31 March 2024

12. Property, plant and equipment

	Leasehold improvement £'000	Plant, machinery and equipment £'000	Total £'000
Cost			
At 1 April 2023	842	283	1,125
Additions	7	29	36
Disposals	(50)	(28)	(78)
At 31 March 2024	<u>799</u>	<u>284</u>	<u>1,083</u>
Accumulated depreciation			
At 1 April 2023	605	173	778
Charge for the year	82	40	122
Disposals	(50)	(27)	(77)
At 31 March 2024	<u>637</u>	<u>186</u>	<u>823</u>
Net book value			
At 31 March 2024	<u>162</u>	<u>98</u>	<u>260</u>
At 31 March 2023	<u>237</u>	<u>110</u>	<u>347</u>

For the year ended 31 March 2024, assets arising from leases where the Company is a lessee have been accounted for under IFRS 16 and shown under right-of-use assets. See Note 13.

Notes to the financial statements (continued)

for the year ended 31 March 2024

13. Leases

13.1 Leasing arrangements

The Company leases manufacturing and warehousing facilities, offices and various items of plant, machinery, equipment and vehicles.

Manufacturing and warehouse facilities generally have lease terms between 1 and 10 years. Lease contracts generally include extension and termination options and variable lease payments, which are discussed further above in 'Significant accounting judgements and estimates' in note 3.

13.2 Carrying value of right of use assets

Set out below are the carrying amounts of right-of-use ("ROU") assets recognised and movements during the year:

	Land and Buildings	Plant and machinery	Total
	£'000	£'000	£'000
At 1 April 2022	1,622	146	1,768
Additions / modifications	339	163	502
Depreciation charge	(496)	(97)	(593)
	<hr/>	<hr/>	<hr/>
At 31 March 2023	1,465	212	1,677
Additions / modifications	3,548	330	3,878
Depreciation charge	(589)	(142)	(731)
	<hr/>	<hr/>	<hr/>
At 31 March 2024	4,424	400	4,824
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

13.3 Carrying value of lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Land and Buildings	Plant and machinery	Total
	£'000	£'000	£'000
At 1 April 2022	(1,519)	(142)	(1,661)
Additions / modifications	(339)	(163)	(502)
Interest for the year	(30)	(5)	(35)
Lease payments	524	104	628
	<hr/>	<hr/>	<hr/>
At 31 March 2023	(1,364)	(206)	(1,570)
Additions / modifications	(3,554)	(328)	(3,882)
Interest for the year	(39)	(11)	(50)
Lease payments	597	157	754
	<hr/>	<hr/>	<hr/>
At 31 March 2024	(4,360)	(388)	(4,748)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements (continued)
for the year ended 31 March 2024

13. Leases (continued)

13.3 Carrying value of lease liabilities (continued)

	2024 £'000	2023 £'000
Current liabilities	(598)	(654)
Non-current liabilities	(4,150)	(916)
	<u>(4,748)</u>	<u>(1,570)</u>

13.4 Amounts recognised in the profit and loss account

	2024 £'000	2023 £'000
Depreciation of ROU assets	(731)	(593)
Interest expense (included in finance cost – see note 9)	(50)	(35)
	<u>(781)</u>	<u>(628)</u>

13.5 Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Company. These terms are used to maximise operational flexibility in terms of managing contracts. For a description of judgements and estimates associated with extension and termination options, see note 3.

Variable lease payments based upon an index or rate are accounted for once rental amounts are changed.

14. Inventories

	2024 £'000	2023 £'000
Finished goods and goods for resale	<u>937</u>	<u>939</u>

The replacement cost of stock is not materially different from historic cost. Included within stock is a provision of £1,428,000 (2023: £1,689,000).

Impairment of inventory charged in the year was £403,000, (2023: £74,000)

Notes to the financial statements (continued)
for the year ended 31 March 2024

15. Debtors

	2024 £'000	2023 £'000
Due within one year		
Trade debtors	4,731	3,719
Amounts owed by group undertakings	11,999	11,874
Corporation tax	151	-
Prepayments	241	116
	<u>17,122</u>	<u>15,709</u>

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

Included in trade debtors are receivables which have been assigned to FGI Worldwide LLC under the Asset Based Lending facility. The receivables have not been de-recognised as the risks and rewards of ownership remain with the Company. These balances are restricted and cannot be used for security on any other financing arrangements. The carrying value of receivables is the full value less the bad debt provision of £13,000 (2023: £16,000).

16. Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Bank overdraft	8,159	6,359
Asset Based Lending Facility	1,993	1,508
Trade creditors	525	374
Amounts owed to group undertakings	302	4,129
Corporation tax	-	107
Other taxes and social security cost	499	447
Lease liabilities (see note 13)	598	654
Accruals	3,210	2,926
	<u>15,286</u>	<u>16,504</u>

Amounts owed to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

The Asset Based Lending Facility is secured against receivables and inventory. Amounts are assigned to FGI Worldwide LLC under the Acal BFi Group Limited arrangements.

17. Creditors: amounts falling due after more than one year

	2024 £'000	2023 £'000
Lease liabilities (see note 13)	4,150	916
	<u>4,150</u>	<u>916</u>

Notes to the financial statements (continued)

for the year ended 31 March 2024

18. Other provisions

	2024 £'000	2023 £'000
Dilapidations provision	<u>(173)</u>	<u>(173)</u>

Dilapidations provision

The provision for dilapidation costs is an estimate for the reinstatement of the premises held under lease and has been included in the right-of-use asset. The value of the provision is reviewed at each year end to ensure it is still reasonable. The leases expire in February 2034 and March 2027.

19. Called up share capital

	2024 No.	2024 £'000	2023 No.	2023 £'000
Authorised, called up and fully paid: Ordinary shares of £1 each	<u>10,369,967</u>	<u>10,370</u>	<u>10,369,967</u>	<u>10,370</u>

20. Reserves

The following describes the nature and purpose of each reserve within equity:

Called up share capital	Nominal value of shares issued.
Other reserves	Capital contributions from other group undertakings
Share scheme reserve	The share scheme reserve arose due to historic share options granted to certain employees of the Company.

21. Retirement benefit

Defined contribution schemes

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge amounted to £273,000 (2023: £292,000).

22. Guarantees and financial commitments

The company has a Duty deferment guarantee of £60,000 (2023 - £60,000) with HM Revenue & Customs, which has been provided by HSBC.

The company is a member of the Acal BFi UK Limited VAT group which also includes Acal BFi Central Procurement UK Limited and UK based Group holding companies (fellow Group undertakings) and is jointly and severally liable for amounts owed by any member of that VAT group in respect of unpaid VAT.

Notes to the financial statements (continued)

for the year ended 31 March 2024

23. Ultimate parent company and controlling party

The ultimate parent undertaking and controlling party is Acal BFi Group Limited, a company incorporated in the United Kingdom. The immediate parent is Acal BFi Holdings Limited, a company also incorporated in the United Kingdom.

The parent undertaking of the smallest and largest Group that prepares Group financial statements and of which the Company is a member is Acal BFi Group Limited registered at 3 The Business Centre, Molly Millars Lane, Wokingham, RG41 2EY are available at Companies House.

24. Events after the reporting period

There were no matters arising, between the balance sheet date and the date on which these financial statements were approved by the Board of Directors, requiring adjustment in accordance with IAS10, Events after the reporting period.